

give satisfaction, and an ordinance was issued by the For-mosan administration in July, 1904, authorizing the bank to issue notes redeemable in gold, and suspending the legal tender quality of the silver yen. The limit of authorized circulation not covered by gold is 5,000,000 yen. Notes beyond this amount not fully covered are taxed at the rate of five per cent. The law governing the bank was revised in February, 1906, bringing its organization and the monetary system of the island into conformity with those of Japan.¹

The Monetary System of Korea.

The national money of Korea was originally copper, but its extreme bulk led to the gradual introduction of Japanese silver, even while Japan was on the silver basis. The demand for coined silver when the forces of the powers were seeking to rescue their legations in Pekin in 1900 caused the exportation of Japanese yen to China and almost denuded Korea of money. The void was soon filled by Japanese paper, which practically put Korea upon the gold basis.³ Under the agreement of August 22, 1904, which confirmed the Japanese protection already established over Korea in 1895, the latter country agreed to accept a Japanese financial adviser as well as a diplomatic adviser.⁴ The work of financial reform was promptly inaugurated by the withdrawal of the old nickel coins and the substitution of a complete system of gold, silver, and subsidiary coins based upon the Japanese system. By the close of 1907 it was estimated that not over 2,000,000 in the old pieces remained in circulation, while new coins had been issued to the amount of 5,327,000 yen, of which 4,024,300 yen had been put in circulation/

The Koreans long employed an interesting system of promissory notes which acted in some degree as a substitute for currency. They were simple in form, stating only the amount, date of payment, and name of the drawer. The

¹ *Financial and Economic Annual of Japan, 1906,*
150.

² Mfliot, *Dictionnaire des Monnaies*, 125.

³ *Statesman*\$ Year Book for 1905*, 1224.

⁴ *Financial and Economic Annual of Japan, 1908*,
Appendix, 4.